Sask911 Annual Report

For the year ended March 31, 2010

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SaskTel's Sask911 Annual Report

(Fiscal year April 1, 2009 – March 31, 2010)

The Emergency 911 System Act was proclaimed in 1996 and provided the legislative authority for development and implementation of Enhanced 9-1-1 (E911) call-taking service province-wide. The Sask911 system utilizes SaskTel's CRTC regulated Provincial E911 Service infrastructure for 9-1-1 call routing, and SaskTel's customer billing systems for billing the call taking fee to SaskTel's customers. Competitive Local Exchange Carriers and Wireless Service Providers are responsible for billing the call taking fee to their customers and remitting it to SaskTel. SaskTel's Provincial Enhanced 9-1-1 Service ensures that, wherever telephone land lines exist in the province and by dialing 9-1-1, people will be able to access a trained emergency 9-1-1 call-taking operator who has electronic access to automatic number, name and location information. As of February 1, 2010, SaskTel implemented Phase 2 wireless E9-1-1 on its wireless network. This functionality will, in most cases, provide the longitude and latitude coordinates of a subscriber's wireless handset to a 9-1-1 call-taking operator when dialing 9-1-1.

Attached are the financial statements of the Sask911 account for the fiscal year from April 1, 2009 to March 31, 2010.

SaskTel's Goals for Sask911 and Future Direction

Over 99% of landlines are now served by E9-1-1. As such, SaskTel's goals and future direction for landline services are now mostly operational in nature:

- along with the Ministry of Corrections, Public Safety and Policing, continue to facilitate the Sask911 process with the other stakeholders;
- continue to bill and collect Sask911 call taking fees, and administrate the Sask911 Account;
- continue to resolve customer billing issues to accommodate Sask911 fees on SaskTel's phone bill;
- continue the expansion of SaskTel's Provincial E911 service in collaboration with the PSAPs to the Northern areas of the province that do not have access to E9-1-1 service;
- continue to commit the resources for the ongoing support and maintenance of SaskTel's Provincial E911 service, and associated facilities infrastructure for the PSAPs;
- provide Phase 2 Wireless E9-1-1 functionality on SaskTel's new UMTS/HSPA wireless network
- enable enhancements to the Phase 2 Wireless E9-1-1, such as in-call location updates, as directed by the CRTC

- participate in the development of industry-wide solutions for VoIP (Voice over Internet Protocol) originated 9-1-1 calls;

- participate in the development of industry-wide solutions for text messaging or other non-voice communication to the 9-1-1 call takers, for those with speech impediments or are hard of hearing;

- as SaskTel's Provincial E911 service is regulated by the CRTC, SaskTel will continue to comply with the 9-1-1 directives mandated for Canadian carriers by the CRTC.

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AUDITORS' REPORT

To the Members of the Legislative Assembly,
Province of Saskatchewan

We have audited the statement of financial position of Sask911 Account as at March 31, 2010 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
June 11, 2010

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Sask911 Account

Statement of Financial Position
As at March 31

	2010	2009
Assets		
Current assets		
Cash	$ 8,786,377	$ 8,231,594
Accounts receivable	489,664	431,421
Interest receivable	2,569	4,494
	$ 9,278,610	$ 8,667,509
Liabilities		
Current liabilities		
Accounts payable	$ 1,278,043	$ 1,056,598
Net assets	8,000,567	7,610,911
	$ 9,278,610	$ 8,667,509

See accompanying notes.

On behalf of the Account by the manager, SaskTel

Officer

Officer

Sask911 Account

Statement of Operations and Net Assets
For the year ended March 31

	2010	2009
Revenues		
Sask911 fees - Wireline and Wireless	$ 4,803,647	$ 4,558,033
Interest income	30,022	167,406
	4,833,669	4,725,439
Expenses		
Public safety answering points	3,054,571	2,662,574
Central co-ordination	1,389,442	799,430
	4,444,013	3,462,004
Excess of revenues over expenses	389,656	1,263,435
Net assets, beginning of year	7,610,911	6,347,476
Net assets, end of year	$ 8,000,567	$ 7,610,911

See accompanying notes.

Sask911 Account

Statement of Cash Flows
For the year ended March 31

	2010	2009
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses	$ 389,656	$ 1,263,435
Changes in non-cash working capital:		
Accounts receivable	(58,243)	4,119
Interest receivable	1,925	14,455
Accounts payable	221,445	324,958
Net increase in cash	554,783	1,606,967
Cash, beginning of year	8,231,594	6,624,627
Cash, end of year	$ 8,786,377	$ 8,231,594

See accompanying notes.

SASK911 ACCOUNT
Notes to Financial Statements
March 31, 2010

1. STATUS OF THE SASK911 ACCOUNT

The Emergency 911 System Act (Chapter E – 7.3 of the Statutes of Saskatchewan) ("the Act") provides for the development, implementation and operation of an Emergency 911 system in the Province, known as The Sask911 System.

Section 45.1 of the SaskTel Act established the Sask911 Account ("the Account"). *The Sask911 Fees Regulations, 2003* (Chapter S - 34 Reg 5 as amended by Saskatchewan Regulations 733/2003), requires all telecommunication operators providing local telephone services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to Saskatchewan Telecommunications ("SaskTel") for deposit into the Account. SaskTel manages the Account.

In addition, *The Sask911 Fees Regulations, 2003*, requires all wireless service providers providing wireless communication services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to SaskTel for deposit into the Account.

Section 7 of the Act provides that the Minister responsible directs SaskTel to make payments out of the Account for the purposes of implementing the Act or exercising any of the Minister's powers.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Revenue recognition
Wireline and wireless Sask911 fees from Saskatchewan Telecommunications are recorded on the accrual basis. Sask911 fees from other service providers are recorded on the basis of amounts reported by the other service providers for the reporting period.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

3. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, ministries, agencies, boards and commissions subject to common control by the Government of Saskatchewan, non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan and investee corporations accounted for under the equity method (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	2010	2009
Expenses	$ 818,000	$ 745,066
Accounts payable	281,111	113,062
Revenues	4,071,310	3,967,222
Accounts receivable	342,037	335,480

In addition, the Sask911 Account pays Saskatchewan Provincial Sales Tax to the Ministry of Government Services on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

4. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of cash, accounts receivable, interest receivable and accounts payable approximate fair value due to the short term nature of these financial assets and liabilities.